

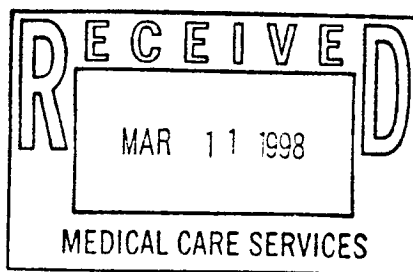


DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850

MAR - 3 1998

Douglas Porter
Deputy Director
Medical Care Services
714 P Street, Room 1253
Sacramento, California 95814



Dear Mr. Porter:

Thank you for your response, dated February 6, regarding your State Children's Health Insurance Program under Title XXI of the Social Security Act. As you are aware, your responses have been undergoing review by the Department of Health and Human Services. In addition, we recently met with Kim Belshe and Sandra Shewry to discuss the State's concerns regarding administrative costs, the administrative vendor contract, copayments, and the Family Value package. At that meeting, we indicated that we would get information back to you as soon as possible and we are actively pursuing those answers. In the interim, however, in order to proceed with our review, additional information will be required regarding several other issues. The enclosure explains the areas that require additional information and clarification.

Under Section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan within ninety days. This letter constitutes our notification that specified additional information is needed in order to fully assess your plan. The 90-day review period has been stopped by this request and will resume as soon as a substantive response to all of the enclosed questions is received. The members of the review team would be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response. Please send your response, either on disk or electronically, as well as in hard copy to Kathleen Farrell, project officer for California's Title XXI proposal, with a copy to Richard Chambers, Associate Administrator for the HCFA Region IX Division of Medicaid. Ms Farrell's Internet address is KFarrell@HCFA.GOV. Her mailing address is:

Division of Integrated Health Systems
Health Care Financing Administration
Mail Stop C3-18-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850

We appreciate the efforts of your staff and share your goal of providing health care to low-income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Farrell at (410) 786-1236 or Mr. Chambers at (415) 744-3568. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Fenton". The signature is fluid and cursive, with a large, stylized "F" and "E".

Richard Fenton
Deputy Director

Enclosure

cc: San Francisco Regional Office

ENCLOSURE

CALIFORNIA TITLE XXI PLAN REQUEST FOR ADDITIONAL INFORMATION

Section 4. Eligibility Standards and Methodology

Section 4.4.1

1. The plan proposes adding two questions on resources to the Medi-Cal only form of the joint application to assess whether children are eligible for the program because the State no longer performs an asset test. These questions do not provide sufficient information for identifying those children. We would suggest establishing a threshold amount above the Title XIX income eligibility, in which families within the threshold amount would then be asked qualifying questions beyond the two that were proposed, so as to further detail their resources. We believe this approach would provide you with the necessary information to properly account for the newly eligible children.

Section 6. Coverage Requirements for Children's Health Insurance

Section 6.1

2. Please clarify what benefits will be provided to children through the AIM program. If the coverage is not provided through a benchmark plan, please provide the necessary information to demonstrate that the benefits meet the requirements for benchmark-equivalent coverage.

Section 8. Cost Sharing and Payment

Section 8.2.1

3. The State has responded that the copayment limits it has established are only for health services and do not include the copayments that would be charged for dental and vision services. Title XXI states that the total cost sharing for families above 150 percent of FPL may not exceed 5 percent of the families' income. As such, how will the State implement a mechanism assuring that a family will not exceed this ceiling, including copayments made for health, dental, and vision? Also, for families at or below 150 percent of FPL, we noted one copayment for dental services of \$15 and substantial copayments for vision services that would have to be modified to comply with the current limits that are allowable under Title XXI.

Section 9. Strategic Objectives and Performance Goals for the Plan Administration

Section 9.10

4. Would the State address how it will implement its program in the first year within the 10 percent administrative cost limit imposed by the legislation.